

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION

Industry Circular No. 59- 41

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DELIVERIES OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND  
TUBES, WITHOUT PAYMENT OF TAX, FOR USE AS SEA STORES,  
AFTER HAWAII FORMALLY BECOMES A STATE

Manufacturers of tobacco products and  
cigarette papers and tubes and  
proprietors of export (including  
sea stores) warehouses:

Purpose. The purpose of this industry circular is to advise you concerning deliveries of tobacco products and cigarette papers and tubes, without payment of tax, for use as sea stores on vessels and aircraft engaged in trade between ports in Hawaii and other ports in the United States, after Hawaii formally becomes a State of the Union by Presidential proclamation.

Background. Regulations in 26 CFR (1939) 141.1 [Article 1, Regulations 76] provide, in part, that tobacco products and cigarette papers and tubes may be delivered, without payment of tax, for use as sea stores on vessels operating on a regular schedule in trade between one customs great district of the United States and another customs great district thereof. Such regulations also provide that such articles may be delivered, without payment of tax, for use as sea stores on aircraft operating on a regular schedule in trade between one customs great district of the United States and another such great district, when the schedule requires operation outside the jurisdiction of the internal revenue laws of the United States. The regulations in 26 CFR (1939) 141.2 [Article 2, Regulations 76] state that customs great districts include, first, the seacoast between the northern boundary of the State of Maine and the southern boundary of the State of Texas; second, the island of Puerto Rico; third, the seacoast between the southern boundary of the State of California and the northern boundary of the State of Washington; fourth, the State of Alaska; and, fifth, the Territory of Hawaii (underlining supplied).

Effect. When Hawaii formally becomes a State, the reference to the Territory of Hawaii will be construed as a reference to the State of Hawaii, and, under existing regulations in 26 CFR (1939) Part 141 [Regulations 76], tobacco products and cigarette papers and tubes may continue to be delivered, without payment of tax, for use as sea stores beyond the jurisdiction of the internal revenue laws on vessels and aircraft operating on a regular schedule in trade between any port in the State of Hawaii and any other port in the United States outside of Hawaii.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).



Dwight E. Avis  
Director, Alcohol and Tobacco Tax Division

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